

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01
PRS-01 SP-02 HEW-04 SCS-03 SCA-01 L-03 DHA-02 NSC-05
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC IMMEDIATE 0198
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E. O. 11652: N/A
TAGS: CASC, MX
SUBJECT: GOM DETAINS PHARMACEUTICAL COMPANY HEADS

1. IN COURSE OF AFTERNOON OF FEBRUARY 7, GENERAL MANAGERS
AND GOVERNMENT SALES MANAGERS OF SEVEN LOCAL DRUG FIRMS,
OF WHICH THREE ARE U.S. SUBSIDIARIES, WERE TAKEN INTO
CUSTODY BY MEXICAN POLICE FOR QUESTIONING IN REGARD TO
POSSIBLE COLLUSION WITH FORMER AUTHORITIES OF THE MEXICAN
SOCIAL SECURITY SOCIAL INSTITUTE(IMSS) TO ILLEGALLY RAISE THE
PRICE OF AN ANTIBIOTIC, CEPHALOSPORINS(A DRUG REPORTEDLY
PURCHASED IN MILLIONS OF PESOS BY IMSS). THE THREE U.S.
FIRMS ARE:

ELI LILLY-GENERAL MANAGER: U.S. CIT.,
EDWARD RICHARD WENDELBURG
SMITH, KLINE AND FRENCH-GENERAL MANAGER:
U.S. CIT., JORGE CARLOS VALLS
SQUIBB-GENERAL MANAGER NOT U.S. CIT.

NONE OF GOVERNMENT SALES MANAGERS OF THESE THREE FIRMS
IS U.S. CIT. IN ADDITION, OFFICIALS OF FOUR PHARMA-
CEUTICAL FIRMS BELIEVED NOT TO BE U.S., AS WELL AS
OFFICIALS OF SOCIAL SECURITY INSTITUTE ARE IN DETENTION.

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WE UNDERSTAND OTHER DETENTIONS MAY FOLLOW IN THE COURSE
OF THE INVESTIGATION.

2. BOTH AMCITS CLAIM THEY NOT INVOLVED IN ANY ALLEGED
PRICE FIXING BUT MERELY RESPONDED BY INVOICING DRUG AT
HIGHER PRICE WHEN IMSS ORDER SPECIFYING NEW PRICE WAS
RECEIVED IN THEIR OFFICES. REPRESENTATIVE OF ATTORNEY

GENERAL DENIED THAT THIS IS POSSIBLE, STATING TO CONSUL THAT IMSS ORDERS DO NOT LIST PRICE.

3. ALTHOUGH BOTH VALLS AND WENDELBURG PRESENTLY BEING HELD INCOMMUNICADO, CONSULS WERE PERMITTED TO SPEAK WITH BOTH AMCITS AND ALSO INTERVIEWED MEMBERS OF STAFF. EMBASSY QUERIED RAUL ROEL MARTINEZ, CHIEF OF FONSEC CONSULAR SECTION, WHO SHORTLY REPLIED HE HAD BEEN ADVISED BY DIRECTOR GENERAL OF ATTORNEY GENERAL'S OFFICE THAT AMCITS' WIVES BE ALLOWED TO VISIT DURING EVENING, BUT THAT APPARENTLY DETAINEES WOULD REMAIN IN CUSTODY AT LEAST ANOTHER NIGHT.

4. SO FAR EMBASSY HAS HANDLED CASE AS CONSULAR PROTECTION PROBLEM IN VIEW OF APPARENT COMMERCIAL NON-DISCRIMINATION IN GOM'S ACTIONS. WE ARE CONCERNED, HOWEVER, AS TO POSSIBILITY THAT TIMING OF THESE EVENTS CAN CLOUD MEXICAN ECONOMIC AND INVESTMENT ATMOSPHERE IN IMMEDIATE PERIOD PRECEDING PRESIDENTIAL VISIT. CONSULS REPORT THAT ATTORNEY GENERAL SUBDIRECTOR HANDLING INVESTIGATION STATED THEIR ACTIONS HAD BEEN CLEARED AT HIGHEST LEVEL. FORTUITOUSLY, RAFAEL IZQUIERDO, PRESIDENTIAL ECONOMIC ADVISOR WAS HOLDING TALKS WITH AMCHAM MEMBERS TODAY ON THEIR INDIVIDUAL INVESTMENT PROBLEMS. WHEN AMCHAM PRESIDENT WICHTRICH ADVISED IZQUIERDO OF DETENTION OF VALLS AND WENDELBURG, IZQUIERDO CONTACTED PRESIDENT LOPEZ PORTILLO, WHO RESPONDED THAT CASE WAS ONE OF POSSIBLE CRIMINAL BEHAVIOR AND DEFINITELY NOT ASSAULT ON FOREIGN COMPANIES OR TRANSNATIONALS. AS SUCH, THE LIMITED OFFICIAL USE

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PRESIDENT FELT THE INVESTIGATION MUST BE PURSUED.
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Message Attributes

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Sent Date: 09-Feb-1977 12:00:00 am
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